Weekly Equity Market Outlook

Global Markets remain volatile due to geopolitical issues

1st June 2026 – 5th June 2026

The Week That Was *(25th May to 29th May) : Oil optimism faded, but resilience kept the downside in check*

- Indian equity markets witnessed a volatile and event-driven week, ultimately ending lower despite a strong start. The week began on a positive note, with the Sensex and Nifty rallying sharply on 25 May as easing crude oil prices and optimism around a potential US–Iran agreement improved global risk sentiment. However, the momentum faded through the week as markets entered a consolidation phase amid persistent uncertainty around geopolitical developments and crude oil trajectory. By Friday (29 May), a sharp late-session selloff dragged indices significantly lower, with the Sensex falling ~1.4% and Nifty ~1.5%. This decline was driven by a combination of MSCI rebalancing-related outflows, continued FII selling, and caution ahead of key macro events, highlighting fragile investor sentiment.
- Global geopolitics remained the central market driver, particularly evolving US–Iran negotiations and the broader Middle East conflict. While early-week optimism over a possible diplomatic resolution helped cool crude prices, the absence of a definitive agreement kept markets on edge. The ongoing conflict has also disrupted energy markets and shipping routes (notably the Strait of Hormuz), maintaining upward pressure on oil prices and risk premiums globally.
- On the macro front, India's economic backdrop stayed resilient but with rising risks. Elevated crude prices, concerns over a below-normal monsoon, and potential El Niño conditions weighed on the outlook for inflation and growth. While GDP growth remains strong (FY26 at ~7.6%), policymakers and market participants are increasingly cautious about imported inflation and demand moderation. RBI liquidity operations continued during the week, with focus shifting to the upcoming MPC decision.
- Sectorally, autos, PSU banks and financials outperformed early in the week, benefiting from lower oil prices and improved sentiment, while IT showed relative resilience amid global tech strength. Toward the end of the week, however, broad-based profit booking was visible across sectors such as oil & gas, metals, autos and financials, reflecting risk-off positioning.
- At a stock level, activity was driven largely by earnings announcements and mid/small-cap developments.

Interesting Charts … that speak a thousand words

BRENT CRUDE- Breakdown below 100-DMA

USD/INR- Resumption of a Downtrend

The Week Ahead *(1st Jun – 5th Jun) : Policy and geopolitics to keep markets range-bound*

- Indian equity markets are likely to enter the week on a cautious yet event-driven footing, following last week's sharp selloff. The near-term direction will be heavily influenced by global cues, particularly developments around the US–Iran situation. Any concrete progress toward a ceasefire or agreement could support risk sentiment and ease crude prices, while uncertainty or escalation may keep volatility elevated and limit upside.
- On the domestic front, the RBI Monetary Policy Committee (3–5 June) will be the key event. Markets largely expect a status quo on rates, but the central bank's commentary on inflation, liquidity, and growth will be critical. Given elevated oil prices and potential monsoon risks, the tone could remain cautious, which may keep rate-sensitive sectors like banks and NBFCs under scrutiny
- From a macro perspective, crude oil remains the most important swing factor. Currency trends and FII flows will also be closely watched, as reducing risk appetite continues to drive capital allocation out of emerging markets like India.

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Nifty 50 Technical Outlook

Source: Tradingview

- The markets witnessed a sharp sell-off during the final hour of trade, dragging the Nifty below its 21-DMA and 50-DMA, placed at 23850 and 23680 respectively.
- Throughout the week, the index continued to face strong resistance near the psychological 24000 mark, which is emerging as a crucial hurdle.
- A decisive breakout above 24000 is required for the next leg of the upmove to unfold. The broader market structure still appears range-bound, with immediate support seen at 23400 followed by 23260 levels.
- On the volatility front, India VIX cooled off by nearly 9% during the week and settled below the 17 mark. However, the sharp 9% spike witnessed in the last trading session remains a key area of concern for the markets.

Nifty Bank Technical Outlook

Source: Tradingview

- Bank Nifty also witnessed resistance near the upper end of the triangle pattern, with the 55,500 mark emerging as a strong hurdle.
- The index closed near its crucial support cluster around the 21-DMA and 50-DMA, placed near 54,470 levels..
- The broader structure continues to remain sideways; however, a gradual recovery towards the 56,000 mark is likely in the near term.
- Immediate support is placed in the 53,700–54,000 zone, and as long as the index sustains above this range, the pullback move is expected to remain intact..

Global Markets

Developed Markets

US (S&P 500)	+1.43%
Germany (FSE DAX)	+0.87%
UK (FTSE 100)	-0.54%
Eurozone (Eurostoxx 50)	+0.34%
Japan (Nikkei 225)	+4.72%

Emerging Markets

Indonesia (IDX Composite)	-0.56%
India (Nifty 50)	-0.72%
China (CSI 300)	+0.97%
South Korea (KOSPI 100)	+10.09%
Brazil (Bovespa)	-1.37%

Sectoral Gainers and Key Commodities

Sectoral Indices

Nifty Media – TRI	+2.46%
Nifty PSU Bank – TRI	+1.87%
Nifty Energy – TRI	+1.59%
Nifty Oil & Gas – TRI	-1.51%
Nifty FMCG - TRI	-1.66%

Commodities

Gold	+0.66%
Silver	-0.31%
Brent Crude	-9.07%

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